IN THE

Supreme Court of the United States

OCTOBER TERM, 1948

No. 480

PANGBORN CORPORATION,

Petitioner,

against

THE AMERICAN FOUNDRY EQUIPMENT COMPANY,

Respondent.

BRIEF FOR THE AMERICAN FOUNDRY EQUIPMENT COMPANY IN OPPOSITION

HUGH M. MORRIS,
3018 duPont Building
Wilmington 41, Delaware

THOMAS TURNER COOKE,
120 Broadway
New York 5, N. Y.

Counsel for Respondent.

LLOYD F. THANHOUSER,
49 Wall Street
New York 5, N. Y.

GEORGE T. COULSON,
3018 duPont Building
Wilmington 41, Delaware

Of Counsel

January 27, 1949.

INDEX

CITATIONS

CASES:

STATUTES AND OTHER AUTHORITIES:

IN THE

Supreme Court of the United States

OCTOBER TERM, 1948

PANGBORN CORPORATION, *Petitioner,* *vs.* THE AMERICAN FOUNDRY EQUIPMENT COMPANY, *Respondent.*	No. 480

BRIEF FOR THE AMERICAN FOUNDRY EQUIPMENT COMPANY IN OPPOSITION

The only question properly presented is whether Pangborn's amended complaint states a valid claim.

Pangborn seeks a writ of certiorari to review a judgment of the Court of Appeals for the Third Circuit (R. 400), dismissing Pangborn's amended complaint* for

*In stating the question presented, both in its "Summary Statement" and in its "Questions Involved", Pangborn refers to its "pleadings". The courts below, however, refused, in the exercise of the discretion accorded them by Rule 15(a) F. R. C. P., to permit further amendment of the amended complaint (R. 364a). Hence the sufficiency of the amended complaint, as attempted to be further amended, was not and is not in issue. In its petition, nevertheless, Pangborn assumes the contrary, or treats the matter ambiguously by employing the term "pleadings". Apparently Pangborn even includes among its "pleadings" what it calls an answer (R. 370a-391a) to American's amended and supplemented counterclaim which was dismissed. Manifestly allegations in an answer (properly a reply) cannot remedy defects in a complaint.

failure to state a claim entitling Pangborn to relief (Pet., p. 2, para. 1; p. 11, last para.).

The amended complaint makes two charges of fraud against American, to wit, that American: (1) fraudulently obtained the revival in the Patent Office of an abandoned application, filed by one Peik on August 14, 1933, for an invention relating to a centrifugal blasting machine (R. 151a-166a); (2) acquired from one Hollingsworth his rights in another invention relating to a different type of centrifugal blasting machine, and prosecuted Patent Office applications based thereon, as well as an interference proceeding with the application of one Grocholl, in an improper and fraudulent manner (R. 166a-189a).

The amended complaint further alleges that on April 3, 1934, before the first Peik application became abandoned, a patent issued upon a subsequent application filed by Peik for a centrifugal blasing machine* (R. 153a, 155a), and that the courts held (*American Foundry Equipment Co. v. Pittsburgh Forgings Co.* and *Pangborn Corporation*, 67 Fed. Supp. 911; aff'd 102 Fed. 2d 964) this Peik Patent, owned by American, to be valid and infringed by a Pangborn machine (R. 155a). As appears from Pangborn's present petition (pp. 4-5, 21-22), this Court denied certiorari (308 U. S. 566), and thereafter the District Court denied a petition for leave to file a complaint, based on fraud, in the nature of a bill of review and for a re-hearing (41 Fed. Supp. 841), whereupon Pangborn settled with American because of what Pangborn calls the compulsion of "economic duress" (Pet., p. 22).

---

*Obviously, therefore, the validly of this Peik Patent could not possibly be affected by anything which may have occurred in the proceedings for the revival of the first Peik application a year later.

The relief prayed for in Pangborn's amended complaint was as follows (R. 193a-195a): (1) that American be required to restore the first Peik application, which had been revived, to its former abandoned status, and that American be enjoined from prosecuting any interference based thereon; (2) that it be decreed that American's intent in obtaining such revival was to monopolize in contravention the Sherman Act, and that Pangborn be awarded triple damages by reason thereof; (3) that certain matter, claimed to have been improperly interpolated in one of the Hollingsworth applications, be eliminated therefrom, and that American be enjoined from prosecuting such application as thus amended; (4) that Pangborn be awarded triple damages under the Sherman Act by reason of American's actions in the Patent Office in prosecuting two Hollingsworth applications and American's procurement of the infringement decree in the Pittsburgh suit.

From the foregoing it distinctly appears that the relief relied on in "Questions Involved" numbered "(4)" and "(5)" (Pet., p. 15) was not prayed for in the amended complaint, and hence should be ignored in determining whether or not the amended complaint states a valid claim, *i.e.*, whether in addition to alleging a fraud which may now be considered by the courts, it alleges the invasion of some legal right of Pangborn (R. 102a; 28 *American Jurisprudence*, Injunctions, Sec. 282).

The charge of fraud in connection with the Peik revival is concededly moot.

Pangborn's petition for a writ states (p. 5) that the revival of the first Peik application was ordered on May 21, 1935, by Assistant Commissioner of Patents Frazer. Mr.

Frazer remained in the Patent Office until September 16, 1947, when he died (*Journal of the Patent Office Society*, 1947, Vol. 29, No. 12, p. 909). While he was alive and in the Patent Office, five successive applications over a period of ten years were made to predecessors of the present Commissioner to vacate the revival for fraud. All were denied, and in one of such decisions Assistant Commissioner Henry affirmatively found that there was no evidence of fraud in the revival (159 F. 2d, at pp. 99-100; R. 310a-311a). The sixth application, reciting no new evidence,* and with the evidence regarding the revival 13 years old, succeeded. The present Commissioner elected to disbelieve the affidavits of certain of American's witnesses, without finding that American had any knowledge of the falsity which he held to exist therein, and found that matters which he deemed to be material, but which American claims were immaterial, had not been submitted to Mr. Frazer.

Pangborn concedes that, by reason of the Commissioner's decision, the whole matter of the Peik revival is now moot (Pet., p. 13, last para, p. 20, p. 24).

The charge of fraud in connection with the Hollingsworth-Grocholl situation is barred by *Res Judicata*.

The only remaining charge of fraud in the amended complaint concerns the Hollingsworth-Grocholl situation. This was finally passed on adversely to Pangborn by the District Court in Pittsburgh (41 Fed. Supp. 841), and the same contentions were thereafter thrice rejected by the

---

*Patent Office Rule 147 provides: "Cases which have been decided by one Commissioner will not be reconsidered by his successor except in accordance with the principles which govern the granting of new trials."

courts below (R. 100a-102a, 159 Fed. 2nd 88, 170 Fed. 2nd 339).

After this Court denied certiorari in 1939 (308 U. S. 566) in the Pittsburgh infringement suit (from which denial Pangborn still attempts to appeal, Pet., pp. 3, 4, and 10), Pangborn sought by petition, on the ground of what it alleged to be newly-discovered evidence of fraud, to file a complaint in the nature of a bill to review and for a rehearing. The District Court for the Western District of Pennsylvania denied the petition (41 Fed. Supp. 841). In so doing it recited that the alleged newly-discovered evidence consisted of: (1) the Grocholl patent, issued December 10, 1940, with claimed effective date of May 1, 1931; and (2) the Hollingsworth "directional control" centrifugal blasting machine claimed to have been successfully used in 1929 and prior thereto. The Court held that the German counterpart of the Grocholl patent had been before it at the trial, that such patent had been pleaded in defendant's answer, that evidence in relation thereto had been offered and considered by the Court, and that when asked for its "best reference", Pangborn had not relied on the Grocholl patent but on other references. The District Court pointed out that the Court of Appeals had held that there was evidence to support the finding that neither Hollingsworth nor Grocholl had anticipated Peik. It further pointed out that Pangborn had deliberately abstained from pressing pending Letters Rogatory to examine witnesses in Germany relative to the Grocholl patent. It held that if the Grocholl U. S. patent had been granted prior to the trial, the result thereof would have been no different. It discussed and rejected Pangborn's claims (now so much harped upon, Pet., pp. 2, 10, 13, 14, 18, 19, 24, 26) with respect to "antithetical" representations claimed to have been made in the Patent Office

and in the trial Court. Finally it pointed out that Grocholl had visited the Pangborn plant in September, 1934, where he had discussed his machine and patent with Pangborn's Chief Engineer, Rosenberger, and that in August, 1935, Pangborn had copies of both the Grocholl and Hollingsworth applications. The evidence, it held, was therefore not newly-discovered. It denied the petition for a bill of review and re-hearing, and held that such petition was simply an attempt to go over the same ground covered at the trial.

The amended complaint, here under consideration, represents a still further attempt to go over the same ground.

The question as to the jurisdiction of the District Court over Patent Office matters is now moot, and there is no other jurisdictional question presented.

Despite the contrary suggestion made by Pangborn in "Reasons Relied on for the Allowance of the Writ" (Pet., p. 15), but omitted from "Questions Involved" (Pet., pp. 13-15), no question of jurisdiction which has not become moot is here involved. The Court of Appeals construed the amended complaint (R. 314a) as being an attempt to have the "District Court of Delaware determine questions relating to the issuance of patents confided by statute to the Commissioner of Patents and to the Patent Office", and held that no cause of action was stated (R. 314a). In its second opinion (R. 399) it reiterated that for this reason the amended complaint states "no controversy cognizable in the District Court of Delaware". The Commissioner of Patents has restored the first Peik application to the abandoned files, and both Hollingsworth applications have been

abandoned.* Hence the prayers to restrain action in the Patent Office are unquestionably obsolete.

Pangborn has pleaded no valid claim.

All that remains of Pangborn's prayers for relief in the amended complaint are therefore the triple damage claims under the Sherman Act. These the Court of Appeals regarded as "mere color" (R. 313a, note 10), and Pangborn evidently agrees, for in its Response to American's Reply Brief in the court below, at page 19, Pangborn said: "True, this amended complaint asserted also a violation of the anti-trust laws and a right to recover therefor. But the circumstance that *this claim for relief may not be well founded* should not deprive the plaintiff, etc." (Emphasis ours). *In its present petition for a writ Pangborn does not mention these prayers or rely in any way upon the Sherman Act.* Instead it attempts (1) to interpolate prayers from its *attempted* further amendment of the Amended Complaint (R. 202, prayers 10 and 11), which the courts below, in the exercise of the discretion conferred by Rule 15(a) F. R. C. P., refused to permit; and (2) to add an entirely new prayer for the recovery of damages and expenses incident to the interference proceedings involving the revived Peik application.

Even, however, if prayers numbered (10) and (11) of the proposed amendment to the amended complaint are properly to be considered here (as is clearly not the case), it is evident that no valid claim is stated because: (1) the fact that there was no fraud in the procurement of the Pittsburgh judgment has become *res judicata*** (41 F. Supp.

*S. N. 570,782, filed October 24, 1931, became abandoned April 16, 1942. S. N. 742,365, filed September 1, 1934, became abandoned May 7, 1941.

**Not only did the Pittsburgh court reject all of Pangborn's charges of fraud in connection with the Hollingsworth-Grocholl situation, but Pangborn was then in a position to assert the fraud which it now claims in connection with the revival of the aban-

841); and (2) the parties, as Pangborn concedes (Pet., p. 22), entered into a settlement contract after which Pangborn consented to the judgment in the Pittsburgh case (R. 19-20 in No. 481).

It will be noted that neither in the "Summary Statement" contained in Pangborn's petition for certiorari (pp. 2-13) nor in its brief are there any record references to show that the "facts" contained in the numerous factual statements relied on were pleaded. The only record references are to actions taken by the courts below, to patent applications and drawings in an "Exhibit Book", and to the pleadings in the most general way (*e.g.*, Pet., p. 12). This, despite the fact that the amended complaint (R. 151a-195a) is forty-five pages long, and appears to be an attempt to allege every "fact" which could conceivably have any bearing on the situation—and many which could not. This procedure is attempted to be justified upon the theory that if Pangborn "would be entitled to relief under any state of facts which might be proved in support" of its pleadings, a valid claim is stated (Pet., p. 2).

Manifestly this method of procedure represents a studied attempt to confuse the issue and lead the courts to believe that some valid claim, however dimly apprehended, lurks in the pleadings. It is plain that any attempt on our part to segregate the true from the false* in the "facts" which are stated would serve no useful purpose, and we therefore content ourselves with a *caveat* as to the integrity of Pangborn's factual statements.

---

doned Peik application. Having failed to present this latter claim at that time, Pangborn may not do so now (*Baltimore S. S. Co.* v. *Phillips*, 274 U. S. 316).

*As an example of falsity there is the statement(Pet., pp. 5, 6 and 7) that Pangborn's assignors were adjudged prior inventors to Peik, whereas it was merely held that the Peik application did not disclose the issue of the interference (*Peik* v. *Rosenberger*, 113 F. 2d 129). Such a holding does not constitute an award of priority (*In re Hoover*, 134 F. 2d 624).

CONCLUSION

No important question of Federal law is involved in respect of the validity of the amended complaint. There is indeed nothing for any court to decide which has not already been decided either by the Patent Office or the Pittsburgh Federal Court. If there were anything to decide, the question as to the validity of the amended complaint would be a narrow one to be decided on the facts peculiar to this manifestly unusual case, and of no general interest. Although Pangborn seeks to endow this case with importance by reference to the public interest (Pet., pp. 21-23) it specifically says (Pet., p. 25) "no attempt was made to set aside the decree and judgment in the 'Pittsburgh suit' * * * relief was sought only from the suitor"—and of course only in favor of Pangborn, not the public.

Respectfully submitted,

HUGH M. MORRIS,
3018 duPont Building
Wilmington 41, Delaware

THOMAS TURNER COOKE,
120 Broadway
New York 5, N. Y.

Counsel for Respondent,
The American Foundry
Equipment Company.

LLOYD F. THANHOUSER,
49 Wall Street
New York 5, N. Y.

GEORGE T. COULSON,
3018 duPont Building
Wilmington 41, Delaware
Of Counsel

January 27, 1949.